



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #14
SUBURBAN COOK COUNTY

FINANCIAL AUDIT

For the Year Ended: June 30, 2009

Release Date: March 30, 2011

Summary of Findings:

Total this audit:	11
Total last audit:	12
Repeated from last audit:	11

SYNOPSIS

In the audit for the one year period ending June 30, 2008, auditors disclaimed an opinion on the financial statements of Regional Office of Education #14. To allow the Regional Office time to prepare its financial reports for the fiscal year 2009 audit, the auditors delayed beginning audit work at the Regional Office until January 2010, at which time the Regional Office had still not compiled the necessary information. During April and May the Regional Office provided some of the information requested by the auditors.

The Regional Office noted that certain information needed to prepare its financial reports as well as other information was taken by the Cook County State's Attorney's Office and not returned until May 10, 2010. In June 2010, the auditors conducted fieldwork at the Regional Office and received additional reports and information. However, the Regional Office #14 went out of existence on June 30th and all requested information had not been provided to the auditors. In the fall of 2010, the auditors, in coordination with the Illinois State Board of Education, reviewed Regional Office files that were transferred to Intermediate Service Center #2. However, there was still significant information that the auditors were unable to obtain. Consequently, because of the overall lack of internal controls, questions as to the accuracy and completeness of the general ledger, and problems noted in other findings throughout this report, auditors issued a disclaimer of opinion on the financial statements for the year ended June 30, 2009.

Other findings in this report concluded that the Regional Office of Education #14:

- did not have sufficient internal controls over the financial reporting process.
- had liabilities which exceeded its total net assets by over \$1 million.
- used spreadsheets to process financial information, which is not an accounting software package designed for governmental entities.
- did not timely complete certain monthly reconciliations of its bank statements and pooled cash accounts.
- had inadequate controls over property and equipment.
- provided cash advances to two employees for non-business related purposes.
- paid a total of \$1,080 for purchase finance charges, \$194 for cash advance finance charges, \$738 for late fees, and \$70 in other miscellaneous service charges.
- lacked documentation to support many credit card purchases.
- had deficiencies in payroll transactions.
- used Institute Funds for unallowable expenditures under 105 ILCS 5/3-12.

{Revenues and expenditures are summarized on the reverse page.}

REGIONAL OFFICE OF EDUCATION #14
SUBURBAN COOK COUNTY

FINANCIAL AUDIT
For The Year Ended June 30, 2009
(Unaudited)

	FY 2009*	FY 2008*
TOTAL REVENUES	\$2,106,117	\$2,022,097
Local Sources	\$748,147	\$753,160
% of Total Revenues	35.52%	37.25%
State Sources	\$1,257,970	\$1,188,813
% of Total Revenues	59.73%	58.79%
Federal Sources	\$100,000	\$80,124
% of Total Revenues	4.75%	3.96%
TOTAL EXPENDITURES	\$2,252,645	\$2,550,507
Salaries and Benefits	\$1,087,482	\$1,200,555
% of Total Expenditures	48.28%	47.07%
Purchased Services	\$345,028	\$443,654
% of Total Expenditures	15.32%	17.39%
All Other Expenditures	\$820,135	\$906,298
% of Total Expenditures	36.41%	35.53%
TOTAL NET ASSETS	(\$1,088,372)	(\$941,844)
INVESTMENT IN CAPITAL ASSETS	\$21,089	\$21,089
Percentages may not add due to rounding.		

REGIONAL SUPERINTENDENT
During Audit Period: Honorable Charles A. Flowers Currently: The ROE was abolished effective July 1, 2010

* Auditors expressed a disclaimer of opinion on the financial statements for FY 2009 and FY 2008.

**FINDINGS, CONCLUSIONS AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROL OVER
DISBURSEMENTS**

The Regional Office of Education #14 did not have adequate internal control over disbursements. Because of the overall lack of internal controls, questions as to the accuracy and completeness of the general ledger, and problems noted in other findings throughout this report, auditors issued a disclaimer of opinion on the financial statements for the year ended June 30, 2009.

The Regional Office of Education #14 did not have adequate internal control over disbursements. Auditors noted the following weaknesses in the Regional Office's internal control system:

- a. In 9 of 25 transactions tested, there was no invoice to support the expenditure.
- b. In 3 of 25 transactions tested, the approval of expenditures before payment was made by a bookkeeper, as opposed to a member of management.
- c. In 1 of 25 transactions tested, the amount paid was incorrectly calculated. An employee was reimbursed \$1 for each mile traveled. A mileage reimbursement rate was not applied to the miles traveled.
- d. In 1 of 25 transactions tested, it was noted that sales taxes were paid. The Regional Office is exempt from the payment of sales tax but did not provide documentation to the vendor to avoid paying the sales tax.
- e. In 1 of 25 transactions tested, an expenditure was not recorded in the proper fund.
- f. In 2 of 25 transactions tested, expenditures were recorded as supplies and materials, when they should have been recorded as purchased services.
- g. In 1 of 25 transactions tested, a reimbursement was paid prior to receiving a supporting receipt of the expense. The reimbursement was subsequently reimbursed by the employee.
- h. In 2 of 25 transactions tested, the Regional Office was unable to provide contracts for vendors who were paid for performing services for a grant program. There was no evidence of management reviewing and approving the salaries and benefits paid to these vendors.
- i. In 1 of 25 transactions tested, the date on an invoice indicated that services were provided in November 2008, however the payment voucher indicated that the payment was for services provided in February of 2009. Auditors were unable to ascertain if the invoice attached to the payment voucher was related to the expense being requested for payment.
- j. In 11 of 25 transactions tested, a cancelled check image was not provided to auditors.
- k. In 1 of 5 transactions tested, the original voided check was not provided to auditors as proof of the check being voided.

Because of the overall lack of internal controls, which resulted in the problems listed above, questions as to the accuracy and completeness of the general ledger, and problems noted in

other findings throughout this report, auditors terminated work before testing was completed and issued a disclaimer of opinion on the financial statements for the year ended June 30, 2009.

The Regional Office of Education is responsible for establishing and maintaining an internal control system over disbursements and reimbursements to prevent errors and fraud. The internal control weaknesses noted above could result in unintentional or intentional errors or misappropriation of assets, where the errors or fraud could be material to the financial statements and may not be detected and corrected in a timely manner by employees in the normal course of performing their assigned duties. (Finding 09-4, pages 15-16)

Auditors recommended that the Regional Office of Education #14 assure that a system of internal controls has been established and is maintained to control disbursements and prevent errors and fraud.

CONTROLS OVER FINANCIAL STATEMENT PREPARATION

The Regional Office of Education #14 did not have sufficient internal controls over the financial reporting process.

The Regional Office of Education #14 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

For the fiscal year ended June 30, 2008, auditors disclaimed an opinion on the financial statements of Regional Office of Education #14. To allow the Regional Office time to compile the necessary information and prepare its financial reports for the fiscal year 2009 audit, the auditors delayed beginning audit work at the Regional Office until the week of January 25th, 2010. While the auditors conducted preliminary work at the Regional Office during the week of January 25th, the Regional Office had not prepared the information needed to conduct the audit.

Auditors planned to return the week of March 15th when Regional Office staff indicated that the necessary information would be prepared. However, the necessary reports were not prepared and auditors did not return to the Regional Office for substantive testing during the week of March 15th. In April and May the Regional Office provided some but not all the information requested by the auditors.

The Regional Office noted that certain information needed to prepare its financial reports as well as other information was taken by the Cook County State's Attorney's Office and not returned until May 10, 2010. In June 2010, the auditors conducted fieldwork at the Regional Office and received additional reports and information from them. However, the Regional Office went out of existence on June 30th and all requested information had not been provided to the auditors. In the fall of 2010, the auditors, in coordination with the Illinois State Board of Education, reviewed Regional Office files that were transferred to Intermediate Service Center # 2. However, there was still a significant amount of information that the auditors were unable to obtain.

There were not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect and correct financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

- The Regional Office did not maintain adequate internal controls over the processing of all financial transactions and numerous adjustments would be required to present financial statements in accordance with generally accepted accounting principles.
- The Regional Office did not have adequate controls over the maintenance of complete records of deferred revenue, payroll, general disbursements, or capital assets.
- Due to the inadequate controls noted above, the Regional Office's trial balance was inaccurate. The following issues were noted:
 - Depreciation of capital assets was not recorded in the general ledger by the Regional Office.
 - Deferred revenue for grant monies received after 60 days of the fiscal year end was not properly adjusted by the Regional Office.
 - Many of the fund balance accounts listed on the trial balance received from the Regional Office did not agree to the amounts reported in the prior year. The Regional Office made adjustments to the beginning fund balances, however, support for these adjustments was not provided to the auditors. For financial statement presentation, the prior year ending balances were used as the beginning balances.

There was a lack of management oversight and review of financial information on a timely basis. (Finding 09-1, pages 10-12)

The auditors recommended that, as part of its internal control over the preparation of its financial statements, including disclosures, the Regional Office of Education #14 should implement a comprehensive preparation and/or review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such procedures should be performed by a properly trained individual(s) possessing a thorough understanding of applicable generally accepted accounting principles, GASB pronouncements, and knowledge of the Regional Office of Education #14's activities and operations.

CONTINUATION AS A GOING CONCERN

The Suburban Cook County Regional Office of Education #14's liabilities exceeded its total net assets by \$1,088,372 as of June 30, 2009. The deficiency of revenues over expenditures was \$146,528 for the year ended June 30, 2009.

The Regional Office of Education #14's liabilities exceeded its total net assets by \$1,088,372 as of June 30, 2009.

On June 17, 2008, the Regional Office obtained a loan from Cook County in the amount of \$190,000. This loan was used to finance Regional Office operations. The Regional Office of Education failed to make the required repayment of \$190,000, which was due to the County on June 30, 2009.

It was also noted that the Regional Office had a payable balance to a single vendor that had accumulated to \$103,080 as of June 30, 2009. Furthermore, during review of credit card statements, it was noted that 2 cash advances totaling \$11,000 were received by the Regional Office. The cash was deposited into the Regional Office bank account to be used for operations.

All audits conducted in accordance with generally accepted auditing standards require the auditor to evaluate the entity's financial position and contemplate the continuation of the entity as a going concern. In the current and previous fiscal years, there were questionable uses of Regional Office funds, which contributed to the financial problems of the Regional Office. Regional Office officials have previously stated that the Suburban Cook County Regional Office of Education #14 is the only Regional Office of Education in the State of Illinois that does not receive funding from its respective county. (Finding 09-2, page 13)

Auditors recommended that the Suburban Cook County Regional Office of Education #14 should attempt to streamline operations so that expenditures are lowered and/or continue to seek additional funding sources. The Regional Office should establish a plan to reduce outstanding balances owed to vendors and ensure that amounts are available to pay debt balances. As of July 1, 2010, the Regional Office of Education was abolished.

INADEQUATE ACCOUNTING SOFTWARE AND INTERNAL CONTROLS

The Regional Office of Education #14 used spreadsheets to process financial information, which is not an accounting software package designed for governmental entities.

The Regional Office of Education #14 used spreadsheets to process financial information, which is not an accounting software package designed for governmental entities. The spreadsheets do not provide the internal controls and reporting features required for proper fund accounting. The Regional Office had previously purchased a new accounting system but had not placed it into service.

The Regional Superintendent of Schools is responsible for establishing and maintaining an internal control system to prevent errors and irregularities. In addition, the Regional Office of Education is required by the Illinois State Board of Education to maintain their accounting system in accordance with the Regional Office of Education Accounting Manual.

With the use of spreadsheets, management cannot easily obtain entity-wide financial information necessary to make informed management decisions. Without an accounting system with proper internal controls, errors or misappropriations may have occurred and not be detected by management. In addition, financial statements in accordance with generally accepted accounting principles and the Regional Office of Education Accounting Manual cannot be readily prepared from the current accounting system.

A new accounting software package had not been implemented at the office that would have allowed the Regional Office to maintain an accounting system with internal controls and reporting features required for proper fund accounting. (Finding 09-3, page 14)

Auditors recommended that the Suburban Cook County Regional Office of Education #14 implement an accounting software application that provides the necessary controls and reporting features required for proper fund accounting. The accounting system should have the capabilities necessary for the Regional Office to be in compliance with the Regional Office of Education Accounting Manual and provide the reporting detail necessary to prepare financial statements in accordance with generally accepted accounting principles.

RECONCILIATION OF BANK STATEMENTS AND POOLED CASH ACCOUNTS

The Regional Office did not complete at least the first 6 of 12 monthly reconciliations of its bank statements and pooled cash accounts for fiscal year ended June 30, 2009 in a timely manner.

The Suburban Cook County Regional Office of Education #14 maintained pooled cash accounts for many of their funds. The Regional Office did not complete at least the first 6 of 12 monthly reconciliations of its bank statements and pooled cash accounts for fiscal year ended June 30, 2009 in a timely manner. These were completed subsequent to December 2008

after auditors brought the situation to the attention of management.

Reconciliations of the bank statements and pooled cash accounts were not completed timely throughout the year. The bank statements and pooled cash accounts should be reconciled in a timely manner and not less than monthly. (Finding 09-5, page 17)

Auditors recommended that the Regional Office ensure all bank statements and pooled cash accounts are reconciled timely and not less than monthly.

INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

The Regional Office of Education #14 had inadequate internal controls over property and equipment.

The Regional Office of Education #14 had inadequate controls over property and equipment. The Regional Office of Education (ROE) Accounting Manual requires each Regional Office to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more. Generally accepted accounting principles require that inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting are maintained.

Sound internal controls require that policies and procedures on fixed assets should cover acquisition and tagging, recording and reporting, depreciation (if applicable), transfers and dispositions, and annual physical inventory, and that they should be formally documented and consistently applied.

An updated fixed asset listing was not properly maintained by the Regional Office during the year. The fixed asset listing that was provided to auditors was inaccurate and incomplete. Many of the required details such as purchase date, cost, useful life, etc were not provided. Also, depreciation was not calculated for a majority of the items on the listing. The information provided was unreliable, and auditors were unable to obtain information to accurately reflect fixed assets maintained by the Regional Office.

The absence of a sound system of internal controls can result in inaccurate reporting of fixed assets and inadequate physical control for equipment items. An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected.

The fixed asset listing was not updated when asset purchases occurred and the depreciation section of the listing was incomplete for some of the assets. (Finding 09-6, pages 18-19)

Auditors recommended that the Regional Office of Education #14 should adhere to the Regional Office of Education Accounting Manual and should check the fixed asset listing for accuracy and existence through an annual physical inventory. Reconciliations should be performed between the fixed asset listing and the recorded capital outlay expenditures for the year. Finally, depreciation should be calculated and tracked for all fixed assets.

The Regional Office of Education #14 provided cash advances to employees in 2 instances and the advances were not timely repaid in accordance with terms of the advance contract.

CASH ADVANCES TO EMPLOYEES

The Regional Office of Education #14 provided cash advances to employees in 2 instances and the advances were not timely repaid in accordance with terms of the advance contract. In both instances, contracts were signed by the Regional Superintendent and stipulated terms for repayment through payroll check deductions. Neither of the contracts required collateral or security in the event that the employee ceased employment at the Regional Office.

- During fiscal year 2008, the Regional Superintendent approved a cash advance for \$6,000 to an employee, who is also his family relative, for purposes not related to Regional Office operations. Repayments were to occur each pay period starting on April 4, 2008 and final payment due on December 31, 2008. The payroll records indicated that repayments started in September 2008 and were made consistently through April 2009. An additional payment, in an amount in excess of the required payment, was also made in May 2009. As of June 30, 2009, the balance of the repayment was \$1,000 based on the general ledger prepared by the Regional Office and provided to auditors.
- During fiscal year 2008, the Regional Superintendent approved a cash advance for \$9,000 to an employee for purposes not related to Regional Office operations. Repayments were to occur each pay period starting on November 16, 2007 (FY 08) and the final payment due on July 11, 2008 (FY 09). Per the payroll records, the last advance payment was received by the Regional Office on August 22, 2008. Prior to the use of the outside payroll vendor which began in February 2008, the auditors could not readily determine whether repayments had been made. According to Regional Office officials, the advance was repaid as of June 30, 2009.

Internal controls should ensure that expenses incurred by the Regional Office are adequately documented, incurred for a business purpose, and represent economical and effective use of Regional Office resources. The Regional Office should also have adequate controls in place over the processing of payroll to ensure that deductions are accurate and timely. Non-business purpose cash advances result in an improper use of Regional Office financial resources. Inadequate monitoring of

advance repayments may result in monies not being repaid to the Regional Office. (Finding 09-7, pages 20-21)

Auditors recommended that the Regional Office of Education #14 should discontinue the practice of providing payroll advances to employees. For those payroll advances already granted, the Regional Office should seek repayment of those advances as expeditiously as possible.

PAYMENT OF FINANCE CHARGES, LATE FEES, TRANSFER FEES, OTHER SERVICE CHARGES, AND SALES TAXES

The Regional Office of Education #14 paid a total of \$1,080 for purchase finance charges, \$194 for cash advance finance charges, \$738 for late fees, and \$70 in other miscellaneous service charges.

The Suburban Cook County Regional Office of Education #14 had 6 credit cards assigned to various employees. Per review of credit card statements received by the auditors, it was noted that \$1,080 was incurred for purchase finance charges, \$194 for cash advance finance charges, \$738 for late fees, and \$70 in other miscellaneous service charges. Approximately \$1,254 of the total \$2,082 in charges was incurred on the Regional Superintendent's credit card.

Auditors noted during their review of bank statements, that the Regional Office paid \$96 during fiscal year 2009 for performing wire transfers from their operating bank account. In addition, in 1 of 25 transactions tested, it was noted that sales tax was paid on a Regional Office purchase.

Internal controls should exist to ensure that bills are paid in a timely fashion. In addition, controls should be in place to ensure that sales taxes are not paid by the Regional Office. Payment of finance charges, late fees, transfer fees, other service charges, and sales taxes results in an ineffective use of Regional Office financial resources. (Finding 09-8, page 22)

Auditors recommended that the Regional Office of Education #14 should strengthen its internal controls to ensure that credit card bills are paid in a timely manner, reduce or eliminate the amount of transfer fees and other service charges incurred, and ensure that sales taxes are not incurred on goods purchased by the Regional Office.

USE OF REGIONAL OFFICE CREDIT CARDS

There was an overall lack of documentation to support credit card purchases. The majority of credit card statements did not have supporting receipts and documentation attached to them or the related payment vouchers.

The Suburban Cook County Regional Office of Education #14 had 6 credit cards assigned to various employees. There was an overall lack of documentation to support credit card purchases. The majority of credit card statements did not have supporting receipts and documentation attached to them or the related payment vouchers. The Regional Office was unable to provide auditors with supporting receipts for 15 of the 26 items selected for testing. Of the 11 receipts obtained, the

Regional Office failed to document the business purpose of the expense for 7 items including meal purchases, airline tickets, rental cars, and hotels.

Internal controls should ensure that expenses incurred by the Regional Office are adequately documented, incurred for a business purpose, and represent economical and effective use of Regional Office resources. Lack of adequate controls increases the susceptibility of Regional Office funds being used for questionable activities or abuse. The condition was caused by inadequate controls over the reporting and review of credit card purchases. (Finding 09-9, page 23)

The auditors recommended the Regional Office of Education #14 should ensure that appropriate documentation is provided for all credit card expenditures. Additionally, the Regional Office of Education should establish a policy regarding the use of Regional Office credit cards, including requiring that each transaction has adequate documentation showing the business purpose of the expenditure.

There were many deficiencies noted during the review of payroll transactions.

QUESTIONABLE PAYROLL PAYMENTS

Assistant Regional Superintendents are paid by the State of Illinois. These payments come directly from the State of Illinois for their services as Assistant Regional Superintendents. In fiscal year 2009, one Assistant Regional Superintendent at the Suburban Cook County Regional Office of Education #14 was paid \$89,579 of salaries and benefits for a full year of work.

In addition to the salary payment indicated above, this Assistant Regional Superintendent was paid monies by the Regional Office for services related to a federal grant. The Assistant Regional Superintendent was paid \$7,333 in fiscal year 2009. When the Regional Office determined these payments as questionable costs, a receivable in the amount of \$7,333 was booked in the general fund, and the expenses were removed from the federal program. Subsequent reimbursement requests (some requested mileage reimbursements dated back to the beginning of the fiscal year) submitted for payment by the Assistant Regional Superintendent were not paid out but were netted against the established receivable balance. As of June 30, 2009, the Regional Office of Education's general ledger records indicated that the remaining receivable balance was \$3,872 from the Assistant Regional Superintendent.

There were also many deficiencies noted during the review of payroll transactions. Of the 23 employees selected for testing, 7 employees did not have proper documentation of their current pay rate. Ten of the 21 hourly employees tested did not have a supporting timecard for the pay period tested. Of

the 11 employees that had a supporting timecard for the pay period tested, 2 of these timecards did not have signature of approval from a supervisor. Additionally, when reviewing timecards, it was noted that inconsistent procedures were used. For example, one employee indicated that they worked from 8:30am to 4:30pm with a half hour lunch and recorded 8 hours for the day. Another employee worked the same hours with a one hour lunch and recorded 8 hours for that day. It was also noted in some instances that an employee would take a shorter or longer lunch than a previous day, or arrive earlier or later than a previous day, yet the hours recorded were the same as the previous day.

The Regional Office of Education is responsible for ensuring its resources are efficiently used and that payroll payments are accurate. In addition, inadequate controls over the payroll process can result in unintentional or intentional errors, where the errors or fraud could be material to the financial statements and may not be detected in a timely manner by employees in the normal course of performing their assigned duties. (Finding 09-10, pages 24-25)

Auditors recommended the Regional Office of Education should not provide additional salary compensation to employees who are already receiving a full-time salary. In addition, the Regional Office should establish a policy to ensure that employee hours are documented in a consistent manner and that all employees are being held to similar standards. The Regional Office should keep an adequate payroll file for each employee that contains pertinent information including approved contracts stipulating employee pay rates. The Regional Office should also ensure that when required, employee timecards are obtained and approved prior to issuing employee paychecks.

The Regional Office of Education #14 used Institute Funds for unallowable expenditures according to the Illinois School Code.

RESTRICTED FUNDS USED FOR UNAUTHORIZED PURPOSE

The Regional Office of Education #14 used pooled cash accounts and Regional Office records indicate the Institute Fund loaned the General Fund cash in order to pay for expenses that may not have been in compliance with 105 ILCS 5/3-12 of the Illinois School Code.

At June 30, 2009 the Institute Fund had a balance in the “due from other funds” account of \$686,054. The Institute Fund appears to have loaned the General Fund funds, because the General Fund had a balance in its “due to other funds” account of \$700,469 at June 30, 2009. Further, the General Fund’s expenditures exceeded its receipts by \$459,987 in the current year while the Institute Fund’s receipts exceeded expenditures by \$387,628.

The Illinois School Code 105 ILCS 5/3-12 states that the Regional Superintendent shall use the Institute Fund to defray expenses incidental to teacher's institutes, workshops or meetings of a professional nature that are designed to promote the professional growth of teachers or for the purpose of defraying the expense of any general or special meeting of teachers or school personnel of the Region. The School Code 105 ILCS 5/3-12 was amended by Public Act 96-893 which in addition to the items noted above, allows the Institute Fund to be used "to defray all costs associated with the administration of teaching certificates". Public Act 96-893 was effective July 1, 2010 (FY11) and therefore, was not effective during the period covered by this audit.

The Regional Office of Education #14 received the majority of its funding from two sources. The first source was the Institute Fund. The primary responsibility of the Regional Office of Education #14 is the processing of teaching certificate renewals for the school districts in Suburban Cook County. The Regional Office retains a portion of each certificate renewal fee to use in compliance with the requirements outlined in 105 ILCS 5/3-12. According to 105 ILCS 5/3-12, the costs associated with processing the certificate renewals themselves is not an allowable cost. The second is from the State of Illinois for operational costs and the majority of that funding is paid out to the Intermediate Service Centers. Consequently, the Regional Office did not have enough unrestricted funding sources available to carry out the responsibilities associated with the teacher certification and registration process and it used the Institute Fund to support these costs. (Finding 09-11, pages 26-27)

Auditors recommended that the Regional Office of Education #14 should use Institute Funds only for purposes delineated by 105 ILCS 5/3-12. The Regional Office should also seek additional funding sources in order to fund the operations of the office without being in violation of any State regulation.

Auditors expressed a disclaimer of opinion on the financial statements.

AUDITORS' OPINION

Our auditors expressed a disclaimer of opinion on the Suburban Cook County Regional Office of Education #14's basic financial statements as of June 30, 2009.



WILLIAM G. HOLLAND
Auditor General

WGH:KJM

AUDITORS ASSIGNED: Winkel, Parker, & Foster, CPA, PC were our special assistant auditors.

